

ONLINE RETAIL: HOME DELIVERY



NOBODY HOME

Thousands of failed deliveries are plaguing the otherwise booming online and home-shopping sector every week. So what's the solution? **Alison Clements** finds out more

Soaring demand for home delivery is not in dispute, but how to do it profitably still is – much to the frustration of consumers, retailers and carriers alike. With more than half of UK households elsewhere during the working day, too many packages are heading back to depots, causing fulfilment costs to multiply.

The buoyant home-delivery sector is growing at twice the rate of total retail spend, according to Verdict Research. However, a study by Royal Mail last year found that 39 per cent of people who had given up on shopping remotely did so because of problems with delivery or having to take time off work to wait for a delivery.

Delivery firm Amtrak has already

acted to try to address the problem.

Amtrak now offers its service between 8.30 am and 8.20 pm – an extension of hours directly prompted by the rising popularity of home shopping.

“Delivery will be the main challenge for the year,” predicts IMRG chief executive James Roper, who is urging online businesses and third-party carriers to work harder to solve the final drop dilemma. “Online sales are flying, but our data shows growth is coming from a small number of e-retail businesses that are getting it right. Elsewhere, there is a need to rethink the delivery end of customer service.”

He adds that Whitehall and the media's appetite for consumer protection could exacerbate the problem. “Add to this the Department

of Transport's growing alarm at fleets of delivery vans invading residential areas, and there are plenty of reasons why deliveries should be planned and co-ordinated better,” says Roper.

Vague, week-long delivery windows are certainly no longer appropriate. Industry observers says the one-size-fits-all service will need to be replaced with a range of delivery options to suit different customer needs.

Last year, online fulfilment specialist Metapack found that of 130 web sites investigated, 60 per cent provided nothing better than the single option of a three- to five-day delivery window. Chief executive Patrick Wall says his company provides clients, including Boots, Comet and Dixons, with the resources to manage a host of options to better meet shoppers' needs.

“We compile the best possible range of UK carriers, according to the attributes of the product – considering size, value, weight, the postcodes being delivered to, and the urgency of receipt,” says Wall. Urgently needed PC parts might best be delivered by Business Post, which offers evening delivery, for example.



“My belief is that if you can manage expectations from the outset by offering flexibility, you should achieve first-time deliveries,” says Wall. Rule-of-thumb calculations have it that taking a failed delivery back to the depot and carrying out a paper chase can bump up the carrier’s bill by 40 per cent. However, just a simple phone call would probably ensure the recipient’s presence.

Narrowing the chances of the customer being out is a sensible step, and back-up delivery locations might reduce the number of failed deliveries further. Giving a neighbour’s address can work, but not all neighbours are reliable or trustworthy.

Some secure-box schemes – wall-mounted letterboxes with a built-in delivery box – do exist, such as Giraffe Marketing and Bearbox, but widespread adoption seems a long way off.

“DRIVING 10 MILES TO A POSTAL DEPOT ON A SATURDAY MORNING TO RETRIEVE A MISSED DELIVERY JUST WON’T DO”

**ANDREW STARKEY
COLLECTPOINT**

With Royal Mail’s LocalCollect service, customers can pick up from their nearest Post Office – although for many, Post Office opening hours are also an obstacle.

Keith Jordan, fulfilment director at Zendor, which manages e-fulfilment for Woolworths, Early Learning Centre and River Island, says the company’s local couriers overcome the last-mile delivery problem by agreeing alternative arrangements – such as leaving goods in the greenhouse – on an individual basis. “Building up a rapport with regular home shoppers is great customer service, and it keeps re-delivery costs to a minimum,” says Jordan.



Inconvenient: customers usually have to be at home to accept home-shopping deliveries

NEED FOR CHANGE

- More than half the adult population, or 26.1 million people, had something delivered in 2003, according to Verdict’s Home Delivery and Fulfilment 2004, which valued the market at £34.7 billion for 2003
- About 50 per cent of UK households are unoccupied during normal working hours, according to industry estimates
- 20 to 40 per cent of deliveries of items that do not fit into the letterbox fail first-time round

Collectpoint offers another solution. The company has set up a network of 1,600 location points – 24-hour garages and convenience stores – that home shoppers can use as their delivery address. The idea is that workers can stop at a Londis, Spar or Q8 garage at a time convenient to them, rather than being dictated to by the delivery company.

“Today’s consumers use the internet because they want to save time, so driving 10 miles to a postal depot on a Saturday morning to retrieve a missed delivery just won’t do,” says Collectpoint sales and marketing director Andrew Starkey. “This solution is secure, convenient, and cuts down on deliveries into residential areas.”

He believes a charge of £2.50 for each pick-up, on top of the e-tailer’s delivery charge, would not dissuade customers who simply want to secure their shopping with minimum hassle. Once signed up on the Collectpoint web site, customers can use a Collectpoint address for any web or catalogue order.

Retailers such as Maplin Electronics and The Gadget Shop offer the service through their web sites. With up to 8,000 locations being sought by Collectpoint, Starkey expects widespread take-up in future.

Jordan believes consumer demand and willingness to pay for convenience will also force carriers to offer weekend and evening deliveries, which were previously considered too costly.

“This industry is 10 years old, so one way or another, it’s time to overcome the delivery issue,” concludes Roper. **RW**

ADVERTISEMENT FEATURE

CHIP AND PIN - SAFER SHOPPING



More than three quarters of customers now have at least one chip and PIN card in their purses or wallets, and 85 per cent of retailers have upgraded to the new, more secure technology. The rollout of chip and PIN – a joint banking and retail initiative – has been introduced to combat card fraud, which cost the UK almost £480 million in the 12 months to June 2004.

Two-fold protection

The new style cards work in two ways to provide additional protection for both cardholders and businesses. The chip on the card ensures the card is genuine. It holds bank details more securely than the magnetic stripe and prevents the card from being cloned or counterfeited. Used in conjunction with PIN rather than signature verification, it also ensures that the cardholder is genuine. This prevents fraud on lost and stolen cards, and makes all of our cards a less attractive proposition to the fraudster.

Privacy for customers

Although PINs are far safer than signatures – they have been successfully tried and tested in other countries including France, the Netherlands and New Zealand – some customers are worried about being overlooked at the point-of-sale.

To make sure your shopping environment is as secure as possible, advise customers to pick up the PIN

pad where they can, and to use their hand or body as a shield when keying in their PIN.

Staff at the point-of-sale should look away when a customer enters their PIN, and make sure that other staff and customers don’t overlook them.

Accessibility

It is the legal responsibility of all businesses to care for disabled customers, so retail staff should be ready to help anyone who may have difficulties at the point-of-sale. Overall, chip and PIN will enable more people to take advantage of the convenience of shopping with cards than ever before. However, some people with certain disabilities will be issued with a chip and signature card instead.

Chip and signature cards don’t look any different to chip and PIN cards, but the prompts on the point-of-sale terminal will advise staff to request a signature. It’s important that people processing card sales don’t automatically assume that everyone will be asked to enter a PIN if they have a chipped card.

For more information on keeping both your business and your customers protected with chip and PIN, visit www.chipandpin.co.uk. The site contains information, guidance and advice for businesses; including customer leaflets, point-of-sale materials and answers to frequently asked questions.